

# News

U.S. Department of Labor  
Bureau of Labor Statistics  
PO Box 193766  
San Francisco, CA 94119-3766



## CONTACT:

Stanley P. Stephenson (415) 975-4373  
Charlotte Yee (415) 975-4403  
Public Information Line (415) 975-4350  
Internet address: <http://www.bls.gov/ro9/ro9news.htm>  
Fax on demand (415) 975-4567, Document 9360

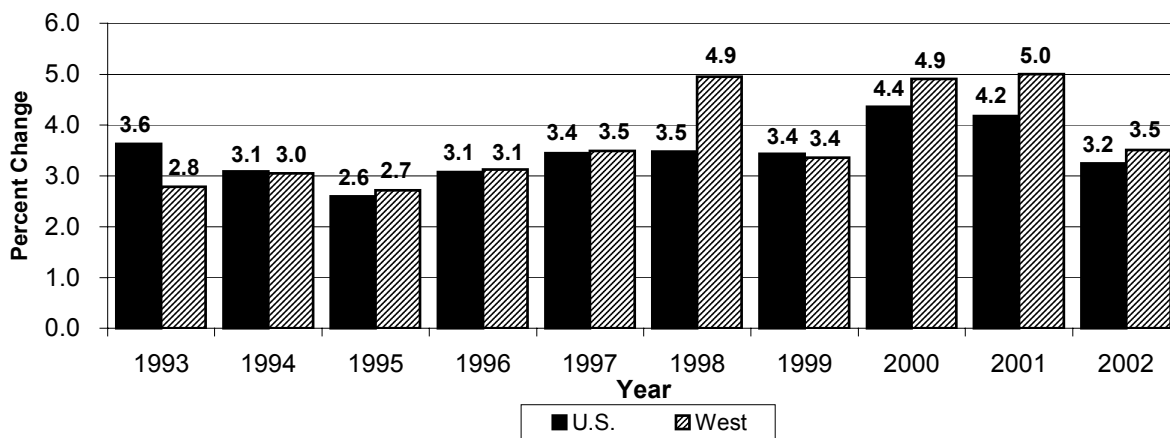
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## EMPLOYMENT COST INDEX FOR THE WEST DECEMBER 2002

In the West, private industry employer's costs for total compensation advanced 0.7 percent in the fourth quarter of 2002, reported the Bureau of Labor Statistics of the U.S. Department of Labor. Regional Commissioner Stanley P. Stephenson said the West's increase, which was matched in the Midwest, exceeded the other regions and was above the nation's 0.4 percent gain for the same period. The West index rose 1.1 percent in the fourth quarter of 2001.

During the recent three-month period, total compensation rose 0.5 percent in the Northeast and inched up 0.1 percent in the South region. Regional area Employment Cost Index (ECI) data are not seasonally adjusted.

**Employment Cost Index, Total Compensation, Private Industry for the United States and West Region, Annual Percent Change, December 1993 - 2002**  
(Not Seasonally Adjusted Data)



In private industry, the over-the-year increase for total compensation costs was second highest in the West (3.5 percent) and highest in the Midwest (3.8 percent). In comparison, for the Nation and the Northeast, these costs advanced 3.2 percent on an annual basis. The South region measured the smallest annual increase at 2.8 percent for the year ended in December 2002.

In the five-year span from December 1997 to December 2002, total compensation in the West rose 23.7 percent, compared to a 20.1 percent increase for the Nation. During this same period, total compensation advanced 20.2 percent in the Midwest, 19.5 percent in the Northeast, and 18.1 percent in the South.

### **Wages and Salaries**

In private industry, wages and salaries alone, exclusive of the cost of benefits, advanced 0.5 percent in the West during the fourth quarter of 2002. This compares to a 0.3 percent increase for the Nation over the three-month period. The Midwest and Northeast showed increases of 0.6 and 0.4 percent, respectively. Wages and salaries declined 0.1 percent in the South from September to December. The only other single quarter decline since this series began in 1975, was a similar 0.1 percent drop in wages and salaries in the West in the first quarter of 1999.

For wages and salaries, the Midwest measured the highest annual gain (3.6 percent). The West and Northeast followed with increases of 2.6 percent each for the 12-month period. The South rose 2.2 percent over the year, while the Nation advanced an average of 2.7 percent.

### **Compensation and Consumer Prices**

In the West, the 2.6 percent increase in wage and salary costs between December 2000 and December 2002 surpassed the 2.1 percent rise in the Consumer Price Index (CPI-U) for the West during this period. Over the past five years in the West, the 22.0 percent advance in wage and salary costs exceeded the 13.9 percent rise in the CPI.

**TECHNICAL NOTE: The Employment Cost Index (ECI) is a quarterly measure of the change in the price of labor, free from the influence of employment shifts among occupations and industries. It includes measures of change in total compensation (wages and salaries plus the employer cost of employee benefits), wages and salaries, and benefits.**

**Benefits included in the ECI are: Paid leave (vacations, holidays, sick leave, and other leave); supplemental pay (premium pay for overtime, shift differentials, and nonproduction bonuses such as lump-sum payments in lieu of wage increases); insurance benefits (life, health, sickness and accident, and long-term disability); retirement and savings benefits (defined benefit and defined contribution); legally required benefits (Social Security, Federal and State unemployment insurance, workers' compensation, and other legally required benefits such as State temporary disability); and other benefits (severance pay and supplemental unemployment insurance plans).**

**The ECI wage and salary series is limited to changes in wage and salary rates, defined as straight-time average hourly earnings. Straight-time earnings are total earnings before payroll deductions, excluding premium pay for overtime, work on weekends and holidays, and shift differentials. Production bonuses incentive earnings, commission payments and cost-of-living adjustments are included in straight-time earnings, whereas nonproduction bonuses (such as Christmas or year-**

end bonuses) are excluded. Also excluded are such items as payments-in-kind, free room and board, and tips.

The ECI sample is rotated over approximately five years; this makes it more representative and reduces respondent burden. The sample is replaced on a cross-area, cross-industry basis.

**Table 1. Employment Cost Index for total compensation, wages and salaries, and benefits for private industry workers, United States and Census Regions 1/. (Not seasonally adjusted data)**

| Region                           | Indexes<br>(June 1989=100) |              |             | Percent Changes for<br>3 Months ended: |              |             | Percent Changes for<br>12 Months ended: |              |             |
|----------------------------------|----------------------------|--------------|-------------|--|--------------|-------------|---|--------------|-------------|
|                                  | Dec<br>2001                | Sept<br>2002 | Dec<br>2002 | Dec<br>2001                            | Sept<br>2002 | Dec<br>2002 | Dec<br>2001                             | Sept<br>2002 | Dec<br>2002 |
| <b>Total<br/>Compensation 2/</b> |                            |              |             |  |              |             |   |              |             |
| National.....                    | 157.2                      | 161.6        | 162.3       | 0.8                                    | 0.6          | 0.4         | 4.2                                     | 3.7          | 3.2         |
| West.....                        | 159.4                      | 163.8        | 165.0       | 1.1                                    | 0.6          | 0.7         | 5.0                                     | 3.9          | 3.5         |
| Northeast.....                   | 156.3                      | 160.5        | 161.3       | 0.7                                    | 0.4          | 0.5         | 4.0                                     | 3.4          | 3.2         |
| South.....                       | 154.6                      | 158.9        | 159.0       | 0.7                                    | 0.8          | 0.1         | 4.0                                     | 3.5          | 2.8         |
| Midwest 3/.....                  | 158.6                      | 163.5        | 164.6       | 0.8                                    | 0.6          | 0.7         | 3.5                                     | 3.9          | 3.8         |
| <b>Wages and<br/>Salaries:</b>   |                            |              |             |  |              |             |   |              |             |
| National.....                    | 153.3                      | 157.0        | 157.5       | 0.8                                    | 0.4          | 0.3         | 3.8                                     | 3.2          | 2.7         |
| West.....                        | 156.0                      | 159.3        | 160.1       | 1.1                                    | 0.4          | 0.5         | 4.6                                     | 3.2          | 2.6         |
| Northeast.....                   | 151.7                      | 155.1        | 155.7       | 0.7                                    | 0.1          | 0.4         | 3.9                                     | 3.0          | 2.6         |
| South.....                       | 151.2                      | 154.7        | 154.6       | 0.7                                    | 0.7          | -0.1        | 3.3                                     | 3.0          | 2.2         |
| Midwest 3/.....                  | 154.7                      | 159.2        | 160.2       | 0.7                                    | 0.4          | 0.6         | 3.4                                     | 3.6          | 3.6         |
| <b>Benefits:</b>                 |                            |              |             |  |              |             |   |              |             |
| National.....                    | 166.7                      | 173.1        | 174.6       | 0.9                                    | 0.9          | 0.9         | 5.1                                     | 4.8          | 4.7         |

1/ Excludes self-employed, unpaid family members, private household employees and agriculture, forestry, fishing, and government employees.

2/ The index measures changes in compensation costs (wages, salaries, and employer cost for employee benefits).

3/ Formerly titled the North Central region.

NOTE:

Fixed employment weights are used each quarter to calculate the national series.

However, for the regional series the employment weights are reallocated each quarter based on the current sample. The indexes for the regional series, consequently, are not strictly comparable to the national series.

Table 2. Annual percent changes in total compensation, wages and salaries, and benefits private industry workers. (Not seasonally adjusted data) (Dec-Dec)

| Region  | Years |      |      |      |      |      |      |      |      |      |
|---|-------|------|------|------|------|------|------|------|------|------|
|   | 1993  | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 |
| <b>Compensation: 1/</b>                           |       |      |      |      |      |      |      |      |      |      |
| National.....                                     | 3.6   | 3.1  | 2.6  | 3.1  | 3.4  | 3.5  | 3.4  | 4.4  | 4.2  | 3.2  |
| West.....   | 2.8   | 3.0  | 2.7  | 3.1  | 3.5  | 4.9  | 3.4  | 4.9  | 5.0  | 3.5  |
| Northeast.....                                    | 3.7   | 3.0  | 2.8  | 2.6  | 3.0  | 3.3  | 3.4  | 4.2  | 4.0  | 3.2  |
| South.....  | 3.5   | 3.1  | 2.5  | 3.3  | 3.8  | 2.6  | 3.5  | 3.9  | 4.0  | 2.8  |
| Midwest 2/.....                                   | 4.4   | 3.1  | 2.6  | 3.0  | 3.6  | 3.3  | 3.5  | 4.8  | 3.5  | 3.8  |
| <b>Wages and salaries: 1/</b>                     |       |      |      |      |      |      |      |      |      |      |
| National.....                                     | 3.1   | 2.8  | 2.8  | 3.4  | 3.9  | 3.9  | 3.5  | 3.9  | 3.8  | 2.7  |
| West.....   | 2.6   | 2.9  | 3.1  | 3.1  | 3.7  | 5.5  | 3.0  | 4.6  | 4.6  | 2.6  |
| Northeast.....                                    | 3.2   | 2.5  | 2.8  | 3.3  | 3.1  | 3.6  | 3.3  | 3.6  | 3.9  | 2.6  |
| South.....  | 2.9   | 2.7  | 2.8  | 3.8  | 4.7  | 2.8  | 3.5  | 3.4  | 3.3  | 2.2  |
| Midwest 2/.....                                   | 3.6   | 3.1  | 2.9  | 3.3  | 4.2  | 3.8  | 4.1  | 4.2  | 3.4  | 3.6  |
| <b>Benefits: 1/</b>                               |       |      |      |      |      |      |      |      |      |      |
| National.....                                     | 5.0   | 3.7  | 2.2  | 2.0  | 2.3  | 2.4  | 3.4  | 5.6  | 5.1  | 4.7  |
| <b>Consumer Price Index CPI-U (1982-1984)=100</b> |       |      |      |      |      |      |      |      |      |      |
| National.....                                     | 2.7   | 2.7  | 2.5  | 3.3  | 1.7  | 1.6  | 2.7  | 3.4  | 1.6  | 2.4  |
| West.....   | 2.7   | 2.3  | 2.1  | 2.9  | 2.6  | 1.8  | 2.8  | 3.9  | 2.5  | 2.1  |
| Northeast.....                                    | 2.6   | 2.4  | 2.7  | 3.2  | 1.6  | 1.7  | 2.5  | 3.3  | 1.6  | 2.9  |
| South.....  | 3.1   | 2.7  | 2.9  | 3.2  | 1.4  | 1.5  | 2.5  | 2.9  | 1.1  | 2.5  |
| Midwest 2/.....                                   | 2.5   | 3.2  | 2.6  | 3.9  | 1.3  | 1.6  | 2.9  | 3.5  | 1.0  | 2.1  |
| <b>ECI Wages and Salaries Constant dollar 3/</b>  |       |      |      |      |      |      |      |      |      |      |
| National.....                                     | 0.3   | 0.2  | 0.3  | 0.1  | 2.2  | 2.2  | 0.8  | 0.5  | 2.2  | 0.4  |
| West.....   | -0.1  | 0.5  | 1.0  | 0.2  | 1.1  | 3.6  | 0.2  | 0.7  | 2.0  | 0.5  |
| Northeast.....                                    | 0.6   | 0.1  | 0.1  | 0.1  | 1.4  | 2.0  | 0.8  | 0.3  | 2.3  | -0.3 |
| South.....  | -0.2  | -0.1 | -0.1 | 0.5  | 3.3  | 1.3  | 1.0  | 0.4  | 2.2  | -0.3 |
| Midwest 2/.....                                   | 1.0   | -0.1 | 0.3  | -0.5 | 2.8  | 2.1  | 1.1  | 0.6  | 2.4  | 1.4  |

1/ Compensation, Wages and Salaries, and benefits, as measured by the Employment Cost Index for private industry.

2/ Formerly titled the North Central region.

3/ ECI for Wages and Salaries adjusted by the impact of the comparable CPI-U 1982-84=100.

**Table 3. Comparative December to December 2002 percent changes in ECI, CPI-U, and Constant Dollars ECI for private industry workers. (Not seasonally adjusted data)**

| Region   | Percent changes over: |            |           |
|--|-----------------------|------------|-----------|
|  | One-Year              | Five-Years | Ten-Years |
| <b>Compensation 1/</b>                               |                       |            |           |
| National.....  | 3.2                   | 20.1       | 40.4      |
| West.....  | 3.5                   | 23.7       | 43.6      |
| Northeast.....                                       | 3.2                   | 19.5       | 38.6      |
| South.....   | 2.8                   | 18.1       | 38.5      |
| Midwest.....   | 3.8                   | 20.2       | 41.8      |
| <b>Wages and Salaries: 1/</b>                        |                       |            |           |
| National.....  | 2.7                   | 19.0       | 39.5      |
| West.....  | 2.6                   | 22.0       | 41.9      |
| Northeast.....                                       | 2.6                   | 18.3       | 36.9      |
| South.....   | 2.2                   | 16.2       | 37.2      |
| Midwest.....   | 3.6                   | 20.5       | 42.4      |
| <b>Benefits: 1/</b>                                  |                       |            |           |
| National.....  | 4.7                   | 23.1       | 42.9      |
| <b>Consumer Price Index CPI-U<br/>(1982-84)=100</b>  |                       |            |           |
| National.....  | 2.4                   | 12.2       | 27.5      |
| West.....  | 2.1                   | 13.9       | 28.9      |
| Northeast.....                                       | 2.9                   | 12.6       | 27.3      |
| South.....   | 2.5                   | 11.0       | 26.6      |
| Midwest.....   | 2.1                   | 11.6       | 27.5      |
| <b>ECI Wages and Salaries<br/>Constant Dollars/2</b> |                       |            |           |
| National.....  | 0.4                   | 6.1        | 9.4       |
| West.....  | 0.5                   | 7.1        | 10.1      |
| Northeast.....                                       | -0.3                  | 5.1        | 7.5       |
| South.....   | -0.3                  | 4.7        | 8.3       |
| Midwest.....   | 1.4                   | 8.0        | 11.7      |

1/ Compensation, wages and salaries, and benefits as measured by the Employment Cost Index for Private industry (ECI).

2/ ECI for Wages and Salaries adjusted by the impact of the CPI-U (1982-84)=100

N/A = Not Available

NOTE: The regional coverage is:

West -- Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

Northeast -- Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont.

South -- Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia.

Midwest -- Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.